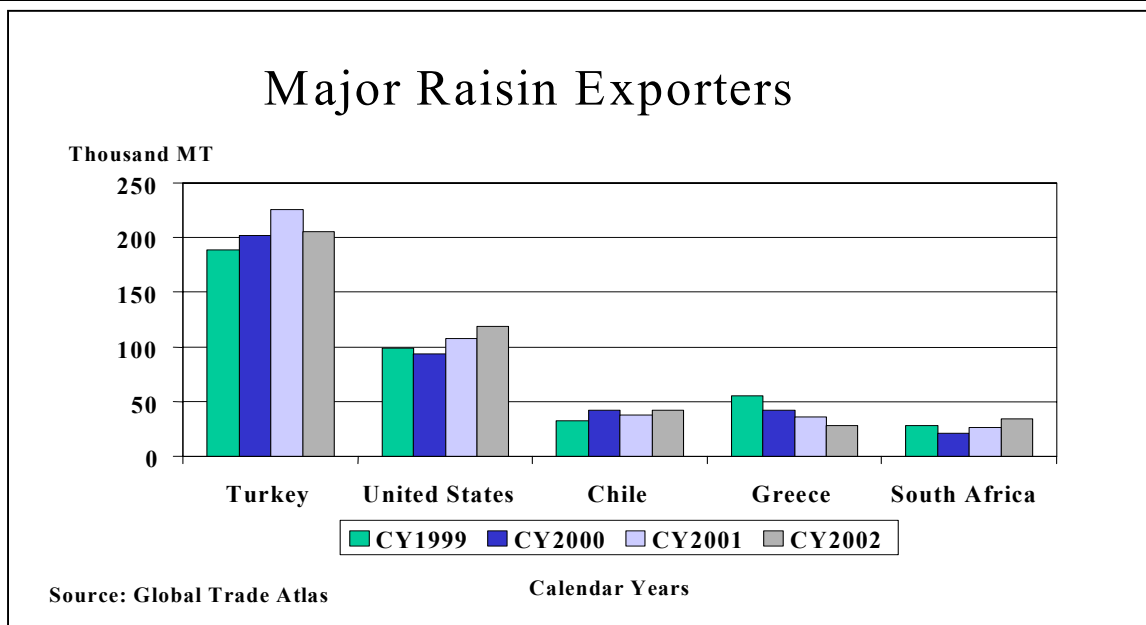


Raisin Situation and Outlook in Selected Countries

In marketing year (MY) 2003/04, raisin production in selected northern hemisphere countries is forecast to increase by 5 percent to 652,245 metric tons. Supplies in Greece, down by 67 percent in 2002, are expected to return to normal levels in MY 2003/04, provided that crops receive favorable weather. Turkey is expected to increase production by 9 percent in MY 2003/04. Production in Mexico is expected to increase by 10 percent, while the United States is projected to decrease production slightly from last year's level. In the southern hemisphere, poor weather conditions during harvest decreased 2002/03 production in Australia, while Chile and South Africa are expected to maintain raisin crops at normal levels.



Global Production and Trade

Turkey and the United States are the world's largest raisin producers. Combined, these two countries account for more than 95 percent of production among the major northern hemisphere producing countries, and generally, about 80 percent of global production.

The top five raisin exporting countries in calendar year (CY) 2002 were Turkey at 205,209 tons, the United States at 118,765 tons, Chile at 41,525 tons, Greece at 27,636 tons, and South Africa at 33,693 tons.¹

Greece

The 2002 output was reported at 10,000 tons, a drop of almost 67 percent from the previous year. The dramatic decrease was due to disastrous rainstorms that hit both the Island of Crete and the

¹ All trade data based on calendar year (CY), throughout this report, are derived from Global Trade Information Services, Inc.

area of Peloponnese, the two main raisin-producing areas, while grapes were maturing on the vines. As a result, most of the production was of inferior quality. These developments have adversely affected trade and farmer incomes, which has led to farmer compensation through ELGA, the Greek Organization for Farmer's Insurance. Exports of Greek raisins, which have already been negatively affected by competition from Turkey, are expected to decline even further. Raisin inventories collected from previous years will likely satisfy domestic demand and facilitate some trade activity, albeit minor. The 2003/04 crop is forecast to return to normal levels, reaching 28,000 tons, provided that weather is favorable.

Although Greece has typically been the third-largest exporter of raisins, behind Turkey and the United States, it dropped to fifth place in CY 2002. In 2002, Greece's raisin exports totaled 27,636 tons. Between 2000 and 2002, exports to Greece's three-leading markets for raisins dropped by a combined 36 percent. Increased competition in European markets from Turkish and Chilean raisin exports, as well as a disastrous 2002 crop, led to the decline.

Despite the production shortfall, raisin imports are minimal. In fact, Greek imports in 2002 declined by 78 percent. While imports from Germany, the United States, and Turkey (Greece's top suppliers) declined, imports from Chile and Iran increased by over 100 percent. In 2002, raisin imports totaled 489 tons.

Mexico

Production for 2002/03 dropped by almost 46 percent from the MY 2001/02 level to 7,140 tons. Lower-priced Chilean imports, combined with a lack of available credit to growers and scarce water supplies in the Caborca region, Mexico's predominant raisin-producing area, have forced many growers out of business. The community landowners, known as "ejidatarios," have been the most severely affected by the current economic situation. Production for 2003/04 is forecast to increase by close to 10 percent, reaching 7,820 tons, but not yet returning to normal levels. It is expected that yields will increase as more efficient private producers increase planted areas slightly, offsetting the production areas lost in the "ejido" sector.

Mexico typically sends about 90 percent of its exported volume of raisins to the United States, with most of the remainder headed to other Latin American countries. Exports in CY 2002 were 3,529 tons, a 27-percent decrease from the 2001 level, due to lower international demand. Expectations of continued low prices and lower volumes available for export have kept the MY 2003/04 export forecast about the same as 2002, at 3,500 tons. Raisin imports for MY 2003/04 are forecast to be lower than 2002/03 levels due to expectations that the peso will continue to be weak.

The main raisin-producing areas in Mexico are the northwestern states of Sonora, producing 98 percent of the total output, and Baja California, which accounts for about 2 percent of the total. Newer, more efficient irrigation systems are being installed in the state of Sonora in order to accommodate the problem of water availability. Currently, water is a major expense in raisin production, accounting for approximately 19 percent of the total cost.

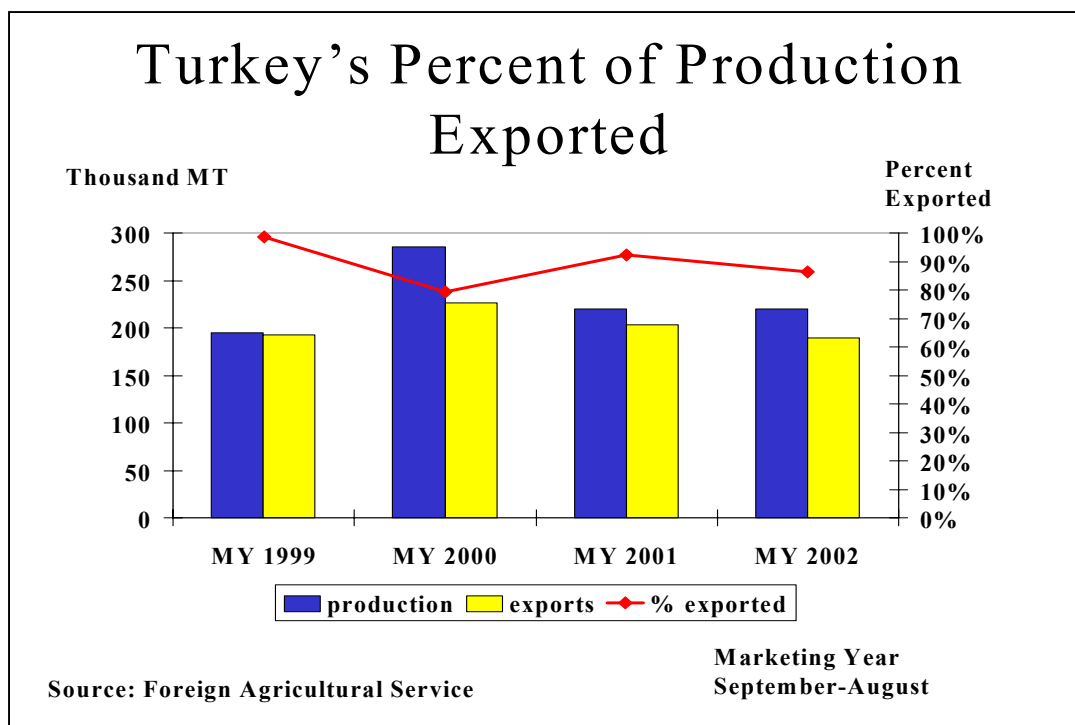
Generally, Mexican raisin processors prefer to sell their higher-quality product to the export market, and import lower-quality U.S. raisins for the domestic market. However, imports of low-priced Chilean raisins have been increasing rapidly.

Turkey

In MY 2003/04, Turkey's raisin production is forecast to increase to 240,000 tons, up 9 percent from last year. Despite recommendations from TARIS (the Union for Agricultural Sales Cooperatives) to limit seedless grape planting area so as not to saturate the export market, growers and processors have ignored this advice; consequently, production continues to grow. Some orchards that were planted prior to MY 2000/01 will start to bear grapes in MY 2003/04, also adding to the production.

Turkey is the top raisin exporter in the world, with totals at more than 205,000 tons in CY 2002. Between 2000 and 2002, its total exports averaged nearly 211,000 tons. Exports for MY 2003/04 are forecast at 200,000 tons, an increase of 5 percent since last year due mainly to projected increased production.

Although there is no export subsidy for raisins, the government announced a 55.5-percent import duty (lowered from 56.1 percent) on raisins from all origins in 2003. The high tariff, combined with high production, limits raisin export opportunities to Turkey. In CY 2002, raisin imports totaled 1,237 tons, with Greece, the largest supplier, accounting for 30 percent of all imports. U.S. shipments of raisins dropped to zero in CY 2002, whereas the United States had been Turkey's second-largest supplier of imported raisins in CY 2001.



United States

The United States is the largest raisin producer in the world. The forecast for MY 2003/04 raisin production is at 376,425 tons, a 3-percent decrease from last year. Since 1999, the industry has been beset with surplus production and stagnant domestic demand resulting in large stock inventories. To address the problem, the industry implemented a raisin diversion program (RDP). The RDP curtails production by vine removal, trimming, or some other means approved by the Raisin Administrative Committee (RAC), the entity responsible for administering the Federal Marketing Order. An estimated 43,000 tons were diverted through the RDP in 2002/03. In May 2003, changes were made to the RDP to provide the RAC additional flexibility for implementing the program.

The United States is the world's second largest exporter of raisins. In CY 2002, U.S. raisin exports totaled 116,767 tons. The United States largest export markets were Japan, the United Kingdom, Canada, Germany, and Taiwan. These six countries consumed 60 percent of the total volume of U.S. exports in 2002. In September 2003, Sun-Maid International, a major U.S. exporter of California raisins, will open a packaging plant in India with hopes that India will become a major destination for U.S. raisins. Currently, high tariffs have limited export opportunities to India. Total imports of raisins by the United States tallied 5,144 tons in CY 2002. Chile, South Africa, Mexico, and Argentina were the top four foreign suppliers, providing 97 percent of total raisin imports.

For the 2003/04 marketing year (August 2003-July 2004), the RAC has received a budget ceiling of \$2.49 million, some of which cannot be spent until FY 2004, to market California raisins under the Market Access Program (MAP). MAP funding is allocated for China, Hong Kong, Hungary, Japan, Malaysia, Mexico, Philippines, Singapore, Taiwan, Thailand, and the United Kingdom. The RAC's primary objectives in these markets are to increase consumer and trade awareness of the quality of California raisins, and to show the product's versatility in baking and cooking.

Australia

Australia's raisin production estimate for MY 2002/03, which began in March 2003, is set at 20,000 tons. This represents a 34-percent decrease from the MY 2001/02 level of 30,492 tons. Production was dramatically reduced late in the season when high winds and rain interfered with the harvest. Although the 2001/02 production level is nearly double that of the record-low levels of 2000/01, the industry believes that Australia's "production potential" is around 35,000 tons.

Historically, Australia has both imported and exported dried vine fruit. Import levels have traditionally been well below exports, with imports rising only when domestic production is low. More recently, however, increased competition from wineries for grape supplies, combined with lower than average production, has reduced domestic availability for the dried fruit market. As a result, imports have increasingly displaced domestic production and have gained a greater share of the domestic market.

Australia exported 7,581 tons of raisins in CY 2002, a growth of 32 percent from the previous year. Both Germany and the United Kingdom, Australia's top two markets, each increased their imports by more than 80 percent from 2001 levels. Germany, the United Kingdom, and Canada combined, purchased close to 70 percent of the total exported. Australia's raisin imports in CY 2002 declined by 5 percent to a level of 19,731 tons. Turkey supplied nearly 53 percent of Australia's raisin imports in 2002, but volume was down more than 26 percent from 2001. Greece, the United States, and Iran are also major foreign raisin suppliers.

Chile

Raisin production for MY 2002, which began in January 2003, is forecast at 42,000 tons, just 1-percent smaller than the previous year's crop. Raisin production in Chile is typically based on lower quality table grapes and those not fit for the export market. The main competitors for low-quality grapes are the wine and concentrated juice industries. In the next few years, it is expected that competition from these industries will diminish as recently planted vineyards continue to come into production.

In CY 2002, Chile was the third-largest raisin exporter in the world, exporting over 90 percent of its raisin production. Only the best quality raisins are exported, with the remainder going to the domestic market, which is small and usually consists of the baking, pastry, and ice cream industries. In CY 2002, Chile exported 41,525 tons of raisins, an increase of 11 percent from the 2001 volume. Mexico, the United States, Peru, and Colombia were its top export markets, comprising 59 percent of all exports in 2002.

Chile's raisin imports totaled 190 tons in CY 2002, with 64 percent originating from the United States. Argentina and Iran supplied the remaining 36 percent.

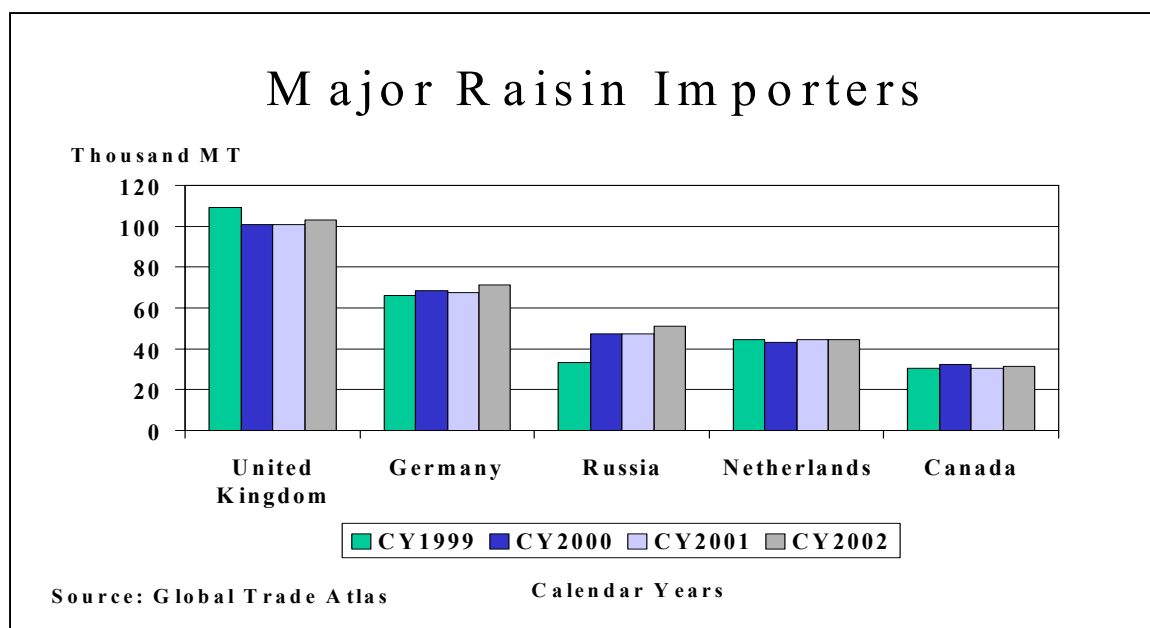
South Africa

Favorable weather conditions, as well as the alternating bearing cycle of the vines, are expected to maintain raisin production at normal levels in MY 2003, which began in January 2003. The MY 2002 crop of 41,987 tons, was the largest crop realized since MY 1997.

In CY 2002, South Africa was the world's fourth-largest exporter of raisins. In CY 2002, raisin exports totaled 33,693 tons, an increase of 29 percent from the previous year. Its top three export markets, Canada, Germany, and the United Kingdom, consumed a combined 50 percent of the total volume of exports in 2002; an increase of 31 percent from the previous year. Despite a strengthening rand against the U.S. dollar, raisin exports to the United States climbed to 2,576 tons in CY 2002, up 163 percent from CY 2001. South African raisin exports to the United States have benefited from duty-free treatment under the African Growth and Opportunity Act (AGOA).

Most raisins are produced in the area along the Lower Orange River while most currants are produced in the Vredendal district. Domestic and international sales of raisins have operated

under a free-market system in South Africa since 1997 when the Agricultural Product Marketing Act liberalized the market.



World raisin imports in CY 2002 totaled more than 560,000 tons. The top raisin importing countries were the United Kingdom, Germany, Russia, the Netherlands, and Canada. The U.K. imported a total 102,962 tons; Germany 71,201 tons; Russia 51,011 tons; the Netherlands 44,692 tons; and Canada 31,198 tons. These five countries imported 53 percent of the world's raisin trade in 2002.

(The FAS Attaché Report search engine contains reports on the leading dried fruit producing countries, including Australia, Chile, and South Africa. For information on production and trade, contact Dwight Wilder at 202-690-2702. For information on marketing contact Kristin Kezar at 202-690-0556.)